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Land Acquisition And
Relocation Practices Of The
U.S. Army Corps Of Engineers
At The Raystown Lake Project
Huntingdon, Pennsylvania

B-176577

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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APRIL 12, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-176577

The Honorable Hugh Scott
United States Senate

Dear Senator Scott

This is our report on the land acquisition and relocation activities of the U.S. Army Corps of Engineers for the Raystown Lake project near Huntingdon, Pennsylvania.

Our examination was made in accordance with your request of June 7, 1972, and subsequent discussions with your office. As agreed with your office, we obtained, and have incorporated in our report, the comments of the Department of the Army.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

We trust that the information contained in the report will be helpful to you.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Axtell".

Comptroller General
of the United States

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COMPTROLLER GENERAL'S
REPORT TO THE
HONORABLE HUGH SCOTT
UNITED STATES SENATE

LAND ACQUISITION AND
RELOCATION PRACTICES OF THE
U S ARMY CORPS OF ENGINEERS
AT THE RAYSTOWN LAKE PROJECT
Department of the Army
B-176577

D I G E S T

WHY THE REVIEW WAS MADE

At Senator Hugh Scott's request, GAO reviewed land acquisition activities of the U S Army Corps of Engineers for the Raystown Lake project near Huntingdon, Pennsylvania

Background

The Raystown Lake project is designed to provide flood control, recreational development, water quality improvement, and fish and wildlife conservation. As of September 30, 1972, the Corps estimated that the project was 68 percent complete and that it would be completed in June 1976 (See pp. 5 and 6)

FINDINGS AND CONCLUSIONS

GAO was asked to determine whether

1. The land area was being acquired in accordance with the Corps' procedures. The answer is "Yes", details follow.
2. The Corps' land acquisition procedures were in accordance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act

of 1970. The answer is "Yes," notwithstanding some shortcomings explained below

Size and planned use of the land being acquired for the project

When the Congress authorized the project in 1962, the Corps estimated that the project would cover about 18,000 acres. In 1967, in testimony for its fiscal year 1968 appropriations hearings, the Corps submitted data showing that the project would cover about 29,300 acres. Since the fiscal year 1968 hearings, the size of the project has not changed (See p 8)

The Corps increased the project area principally because studies made by the Bureau of Outdoor Recreation and the National Park Service, Department of the Interior, showed the project had more recreation potential than had been anticipated (See p 8)

In June 1967 the Corps held a public meeting in Huntingdon. At that meeting the Corps distributed brochures outlining the Corps' land acquisition procedures and told those present that the project would cover 29,300 acres. GAO found no indications of major opposition at the public meeting to the size of the project (See p 9)

APRIL 12, 1973

GAO concluded that the land area to be acquired for the project had been determined in accordance with Corps regulations

Land acquisition procedures

Corps appraisers at the Raystown project, in accordance with established procedures, were to contact landowners before making the appraisal and give them the opportunity to accompany the appraiser when inspecting the property. GAO interviewed 15 landowners and determined that, with one exception, this procedure in fact had been followed. On the basis of the appraisal, the Corps established the fair market value for the property and Corps negotiators gave the landowner a written statement showing the appraised value and the appraisal method used. (See p. 10)

The Corps used both contract and staff appraisers. All contract appraisers had to submit resumes of their qualifications to the Department of Justice which determined their acceptability. (See p. 13)

Some landowners expressed considerable dissatisfaction with the appraised values because they were too low to permit them to purchase replacement properties. This situation resulted, in part, from the Corps' policy to appraise property without considering its increased value as a result of the construction of the project or its replacement value. However, the Corps' policy is consistent with Government land acquisition policy, and relief is being provided to the landowner through payments authorized by the act of 1970

Of 119 properties that were reappraised for various reasons between

January 1971 and July 1972, 24 were reappraised from 25 to over 100 percent higher. A Corps official informed GAO that a maximum reasonable increase would have been about 25 percent.

Although the Corps had approved the reappraisals, Corps officials could not explain the wide variances in the appraised values on these 24 properties. (See p. 12.)

GAO found no evidence supporting charges that the Corps was engaging in unfair negotiation practices or was condemning properties without making reasonable efforts to acquire them by negotiations. (See pp 13 and 14)

Relocation assistance

GAO identified the following shortcomings in implementing an effective relocation program at the Raystown Lake project.

- Landowners had not been provided with relocation benefits and payments timely
- Assurances had not been made that adequate, comparable replacement housing would be available to accommodate displaced persons
- Contrary to regulations, housing selected as comparables was not always available for purchase by displacees
- Sufficient staff was not available to effectively administer the relocation program

GAO believes that the problems associated with the relocation program at Raystown could have been minimized or avoided had the Corps more aggressively implemented the provisions of the Uniform Relocation

Assistance and Real Property Acquisition Policies Act of 1970 and furnished sufficient personnel to carry out the mandate of the act (See p 19.)

AGENCY ACTIONS

The Corps generally agreed that improvements were needed in implementing the relocation program at Raystown but pointed out that certain improvements in the program had been made

The Corps has hired an additional relocation specialist, displacees are being advised of their relocation benefits and are being provided with their relocation payments more timely, and adequate replacement housing is now available to accommodate all displacees

The Corps believes that the relocation program at Raystown is now being administered satisfactorily Specific Department of the Army comments are included in appendix III

CHAPTER 1

INTRODUCTION

On June 7, 1972, Senator Hugh Scott requested us to review the land acquisition activities of the U S. Army Corps of Engineers for the Raystown Lake project near Huntingdon. Specifically, he asked us to determine whether

- The land area was being acquired in accordance with the Corps' procedures. The answer is "Yes", details follow.
- The Corps' land acquisition procedures were in accordance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601). The answer is "Yes," notwithstanding some shortcomings explained below.

The Flood Control Act of 1962 (76 Stat 1180) authorized the Raystown Lake project at an estimated cost of \$32 2 million to provide flood control, water quality improvement, recreational development, and fish and wildlife conservation. The Corps' Baltimore District Office, Baltimore, Maryland, has jurisdiction over the project, and its Central Pennsylvania Project Office in Huntingdon administers and directly manages the land acquisition and relocation activities.

The Raystown Lake project is on the Raystown Branch of the Juniata River in Huntingdon and Bedford Counties, Pennsylvania. About 1,600 properties totaling 29,300 acres are to be acquired for the project. A map of the project is on page 7.

The Corps began acquiring land for this project during fiscal year 1967. The land acquisition activities and the relocation of families, persons, and businesses have been conducted under the provisions of the 1970 act, the Land Acquisition Policy Act of 1960 (33 U.S.C. 596), and the Resettlement Act (10 U.S.C. 2680).¹ By the end of July 1972, the Corps had acquired 1,267 properties and was in the process of acquiring 66 more. These 1,333 properties totaled 23,479 acres, or about 80 percent of the land to be acquired.

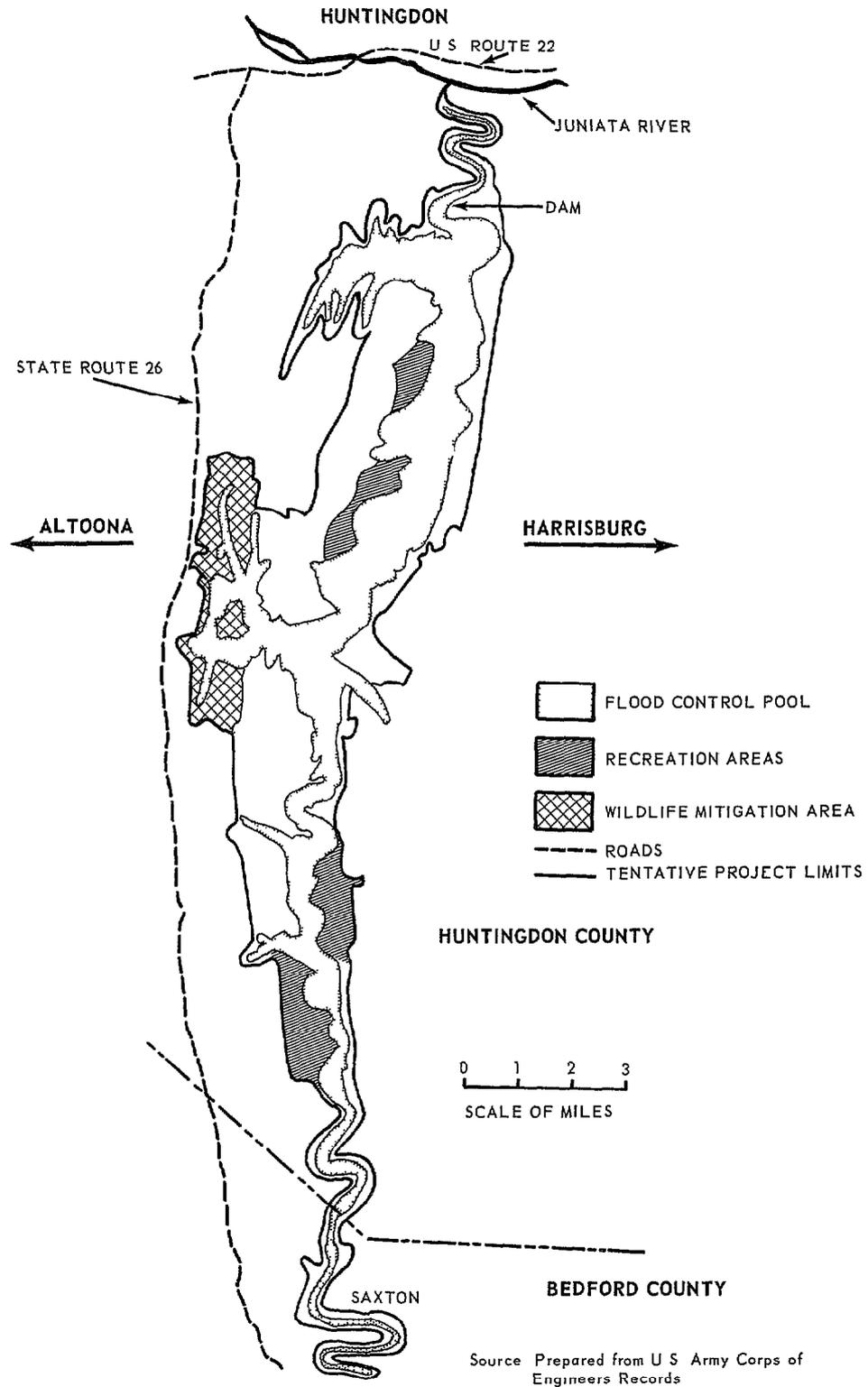
¹Repealed by the 1970 act.

As of September 30, 1972, the Corps estimated that the project was about 68-percent complete and that it would be completed in June 1976.

The estimated Federal cost of the Raystown Lake project has increased appreciably. In fiscal year 1962 the Corps estimated the project cost at \$32 million, in fiscal year 1973 it estimated the project cost at \$66 million. The Corps gave the following reasons for the cost escalation:

- Increased land needed for the project
- Refined project design
- Increased relocation benefits for displaced persons
- Increased price levels.

MAP OF RAYSTOWN LAKE PROJECT AREA



CHAPTER 2

SIZE AND PLANNED USE OF

LAND BEING ACQUIRED FOR THE PROJECT

In 1962 the Corps submitted data (H Doc. 565, 87th Congress, Sept. 21, 1962) to the House Committee on Public Works showing the proposed project size as 17,935 acres. The document contained several studies, opinions, and statements by the Corps and other interested Federal and State agencies on the proposed project.

In 1967, in testimony for its fiscal year 1968 appropriations, the Corps produced revised planning data which showed the proposed project size as 29,314 acres. A comparison of the 1962 and 1967 planned uses of the area follows:

<u>Planned use</u>	<u>Acres</u>	
	<u>1962</u>	<u>1967</u>
Reservoir and dam site	^a 11,400	14,845
Public access and recreation	2,690	12,625
Wildlife mitigation area	3,500	1,470
Downstream acres	<u>345</u>	<u>374</u>
Total	<u>17,935</u>	<u>29,314</u>

^aDid not include area covered by the dam.

The proposed increase in area for recreation was based on studies by the Bureau of Outdoor Recreation and the National Park Service of the Department of the Interior.

The Bureau's April 1965 study projected that at least 1.4 million people would visit the project annually within 3 years of its completion and that this number would increase to 2.4 million within 50 years. The Bureau's study also recommended that the Corps acquire a minimum of 14,000 acres of land to accommodate immediate recreation needs and to allow for anticipated recreation needs. The Park Service's March 1965 study stated that the project met all the criteria for a national recreation area and that the preliminary

analysis indicated a minimum of 50,000 acres could be justified as necessary to fulfill the recreation resource potential.

In June 1967 the Corps held a public meeting in Huntingdon, which was attended by over 1,000 persons. According to a Corps official, the Corps told those present that the project would cover 29,300 acres and displayed a large wall map showing the tentative project boundary lines. Corps officials distributed brochures which outlined the Corps' land acquisition procedures. We found no indications of major opposition at the public meeting to the size of the project.

Corps regulations state that, insofar as permitted by law, the Corps should acquire adequate land, including land for public use and access, to accomplish all authorized purposes of the reservoir construction project and to obtain maximum public use. The land to be acquired for the Huntingdon project appears to meet these regulations.

CHAPTER 3

LAND ACQUISITION PROCEDURES

Corps procedures require that a landowner be paid the fair market value for property acquired from him for a Corps project. The fair market value, which is determined by appraisal, is defined as "the price the property would bring in a sale between a willing seller and a willing buyer." Corps procedures provide that the Corps use the appraisal to negotiate with the landowner to reach a mutually acceptable price. When agreement cannot be reached, the Corps is authorized to file in Federal court a condemnation suit to acquire the property. The court then determines the amount the landowner will receive.

PROPERTY APPRAISALS

The act of 1970 requires that real property be appraised before the initiation of negotiations and that the landowner, or his designated representative, be given an opportunity to accompany the appraiser when he inspects the property.

A Corps project official informed us that appraisers had been instructed to contact landowners before appraisals were scheduled so that each owner or his representative could accompany the appraiser when he inspected the property. This contact was made either by letter or by telephone. Our interviews with 15 landowners showed that, with one exception, all had been given the opportunity to accompany the appraiser and, in fact, had done so.

The one exception was the owner of two parcels of land who was not given the opportunity to accompany the appraiser on his inspection of one parcel of 30 woodland acres.

Corps regulations provide that appraisals be made by experienced appraisers qualified to support their conclusions in the event of investigation or court proceedings. Corps officials advised us that all contract appraisers had to submit resumes of their qualifications and experience to the Department of Justice which determined their acceptability, including their competence to testify in Federal courts.

Since 1967 five staff appraisers and seven contract appraisers have been appraising properties to be acquired for the Raystown project. Through July 1972 they had appraised 1,415 properties.

Complaints relating to low appraised values

A number of landowners complained that, because of rapidly rising real estate values in the area, the appraised values of their properties and the offers made by the Corps were too low to permit them to purchase replacement properties. Each of 15 landowners we interviewed told us that he believed he had not received a fair price for his property. For example

- A part-time farmer, who owned 251.41 acres which the Corps' appraiser initially had valued at \$36,700 and updated to \$42,000, estimated that it would cost him \$100,000 to replace his farm. A condemnation suit was pending to take the property at \$49,500.
- The owner of a 207-acre farm stated that a replacement property would cost in excess of \$80,000, whereas the Corps initially had appraised his farm at \$55,650 and finally had offered him \$67,000. A condemnation suit was pending.
- The owner of 246 acres complained, in a letter to his congressman, that replacement property would cost him more than \$200 an acre, whereas the Corps had offered him \$146 an acre.

The dissatisfaction with the appraisals used by the Corps resulted, in part, because the Corps appraised the fair market value of a property without considering enhancement value--the increase in value of the property as a result of the construction of the project--or replacement value. This policy is consistent with Government land acquisition policy.

In commenting on a draft of this report (see app. III), the Corps conceded that there was dissatisfaction among the landowners concerning the appraisals of their properties. The Corps pointed out, however, that the act of 1970 provides relief to landowners by authorizing payment of the difference between the amount paid by the Government for the acquired

property and the cost to the landowner to purchase a decent, safe, and sanitary, comparable replacement property

Large differences in valuations
of properties reappraised

More than one appraisal may be required when (1) an updated property value is needed so that a condemnation suit may be filed, (2) a Corps appraisal reviewer does not agree with the original appraisal, or (3) a characteristic of the property is recognized that was not previously considered

From January 1971 through July 1972, 543 properties to be acquired were appraised, of these, 119 were appraised more than once. Of the 119 properties, 24 were appraised from 25 to over 100 percent higher than the original appraisal, as shown in appendix II.

A Corps official informed us that the maximum reasonable increase in appraised values would have been about 25 percent. However, when asked to explain the wide variations in the appraisals of the 24 properties, Corps officials stated generally that (1) appraising was not an exact science and appraisers might differ in arriving at an estimate of a property's fair market value and (2) an appraiser might not sufficiently consider one aspect of the property which another appraiser recognized

Following are examples of large differences in valuation of the same property

- Although two independent appraisers used the same two comparable sales in making their appraisals, one valued the property at \$18,000 and the other at \$27,200. One appraiser determined that the property was 10 percent better than one comparable property and 90 percent as good as the other, but the second appraiser determined that the property was 30 percent and 10 percent better, respectively, than the two comparable properties.
- In updating his valuation 5 months after the initial appraisal, the appraiser increased his valuation of land designated as potential cottage sites from \$1,500 to \$2,000 an acre. The appraiser used the same

comparable properties in both appraisals but did not explain why he increased the valuation.

Corps instructions to appraisers state that

"* * * the appraisal report should be sufficiently documented to enable a reviewer, unfamiliar with the appraised property, * * * to understand the appraisal process employed and the analysis leading to your conclusion of value."

We reviewed eight appraisals that the Corps had approved and found that they were not sufficiently documented to permit determining why the appraisal values had materially increased. We believe that Corps officials, before they approved the appraisals, should have required specific and substantive explanations of the wide variances in the appraisals.

NEGOTIATIONS

The act of 1970 provides that the head of a Federal agency make every effort to expeditiously acquire real property by negotiation. Corps policy is to initiate negotiations with a landowner within a reasonable time after the appraisal is reviewed and approved. When the Raystown negotiator first meets with the landowner, he gives the landowner a written statement showing the appraised value of the property and the appraisal method used and explains the Corps' land acquisition procedures to him. In most cases, several negotiation sessions are needed before the property is acquired or a determination is made that condemnation is warranted.

Some landowners charged that the Corps was not negotiating conscientiously and, in some cases, was engaging in unfair negotiation practices. In our discussions with 15 landowners and Corps officials at the project office and in our review of the Corps' negotiation records for 25 properties, we found no evidence that the Corps was engaging in unfair negotiation practices.

CONDEMNATION

As of July 31, 1972, the Corps had acquired 1,267 properties, totaling 21,640 acres, 162 of these properties had been acquired by condemnation.

We reviewed the negotiation summaries for 53 of 80 properties acquired by condemnation between January 1, 1971, and July 10, 1972. The average negotiation time for the 53 properties was 4-2/3 months, during which the Corps, on the average, contacted each landowner four times. In all but a few cases, the Corps, in its negotiations, used appraisal data which was less than 6 months old and therefore reasonably current. We found no evidence that the Corps had condemned any property before making a reasonable effort to acquire it by negotiation.

CHAPTER 4

RELOCATION ASSISTANCE

The act of 1970 provides for uniform and equitable treatment of persons displaced (displacees) from their homes, businesses, or farms because of Federal and federally assisted programs. The financial benefits provided under the act of 1970 include (1) reimbursement for actual moving expenses or payment of a fixed moving expense up to \$500, (2) a replacement-housing payment up to \$15,000, (3) a 4-year rental assistance payment up to \$4,000, or (4) a down payment up to \$4,000 on the purchase of a house. The act of 1970 required that each Federal agency establish a relocation assistance advisory services program to provide displacees with the services necessary to minimize the effects of relocating

Our review showed the following Corps shortcomings in implementing an effective relocation program at the Raystown Lake project.

- Relocation benefits and payments had not been provided to displacees timely.
- Assurances had not been made that adequate, comparable replacement housing would be available to accommodate displaced persons.
- Contrary to regulations, housing selected as comparables was not always available to displacees.
- Sufficient staff was not available to effectively administer the relocation program.

RELOCATION BENEFITS AND PAYMENTS NOT PROVIDED TIMELY

Corps procedures require that, prior to the initiation of acquisition procedures, each landowner be given a brochure or pamphlet outlining relocation benefits provided by the act of 1970 and information concerning other assistance which may be furnished to him. However, at the Raystown Lake project this procedure was not followed and the landowners were not given such a brochure or a pamphlet until they met with the Corps' relocation specialist. The relocation specialist

generally did not meet with the landowner until he and the Corps had agreed on a purchase price and had signed an option. In many cases these options were not signed until several months after negotiations began.

The replacement-housing payment provision of the 1970 act was implemented at Raystown in March 1972, or 14 months after the effective date of the act. In the interim displacees were relocating and purchasing replacement housing without knowing their housing entitlement. Because of a shortage of Corps personnel to administer the relocation program, in March 1972 the Corps engaged a local contractor to compile a listing of available replacement housing and to compute replacement-housing payments for 40 displacees. By mid-August 1972, 36 computations were completed. The contractor said that 50 percent of the computations he made were for displacees who had already purchased replacement housing.

Corps regulations provide that a landowner who purchases replacement housing not be denied the earliest possible payment which is rightfully due him for replacement housing.

Our review showed that displacees usually had waited 4 or 5 months from the date of their applications until they received payment, although some displacees had waited as long as 7 or 8 months.

Corps regulations provide also that an advance replacement-housing payment may be computed and paid to a landowner if the determination of fair market value will be delayed pending the outcome of condemnation proceedings. Many condemnation cases take as long as a year to be heard and resolved. At the Raystown project, owners of properties placed in condemnation could not receive advance replacement-housing payments because the Corps had not developed the form of an agreement which would commit a landowner to repay the Corps if the settlement were to exceed the appraised fair market value--the basis for the advance replacement-housing payment. The Corps told us that it was drafting such an agreement but that the date when the agreement would become operational had not been set.

We told the Corps that we had concluded that landowners should be provided, as early as possible, with a brochure explaining the relocation benefits available and advising them to not relocate until the relocation specialist met with

them and explained the eligibility requirements and the specific benefits available. We concluded that a landowner would be in a better position to determine the type of housing he could afford if the amount of the replacement-housing payment were made known to him before he acquired a replacement

In commenting on our conclusions, the Corps stated that displacees at Raystown were receiving a brochure and were being advised of their benefits prior to initiation of negotiations. The Corps stated further that the displacees who had moved prior to being informed of their housing entitlements had received replacement-housing payments. The Corps pointed out that accurate replacement-housing payments could not be made until the displacees actually purchased replacement housing. The Corps is now informing future displacees of the formula used in computing replacement-housing payments. In addition, the Corps has developed a procedure to provide for advance replacement-housing payments for landowners whose properties are being acquired by condemnation.

SHORTAGE OF REPLACEMENT HOUSING

The 1970 act provides that no person be required to move unless the Federal agency head is satisfied that replacement housing is available.

As of August 1972, 25 dwellings were listed on the Raystown Project Office inventory of available replacement dwellings. Of these 25 dwellings, 10 were priced at \$20,000 or higher. On the basis of prior replacement-housing payments allowed by the Corps, it appeared that only a small percentage of displacees would be able to purchase homes in that price range.

As of August 1972, 79 families had been displaced or were scheduled to be displaced--including 17 to be displaced by December 1972 because they resided in an area to be flooded. These 17 families had to compete for the 25 dwellings listed in the Corps' inventory of replacement housing, if they wanted to stay in the general area. The 25 dwellings were on the open market and were not reserved solely for displacees.

We were told by the Corps relocation specialist at the Raystown project that a replacement-housing problem existed. On August 22, 1972, the Raystown Project Manager described the problem as follows.

"Additional homes are very slow coming on the market and very few new homes are built for speculation. With few exceptions, the available houses are older homes in downtown Huntingdon. These properties are located on small lots - 40' x 100' and generally are in a rundown condition and asking prices are inflated. All the displaced persons are accustomed to a rural environment, generally occupying an acre or more of land. Therefore, they balk at moving into Huntingdon where the replacements are located. Comparable rural property is not available in the immediate area and landowners having desirable property for development are asking highly inflated prices for their land.

"From the above facts, it is apparent that action must be initiated to insure available housing before construction is stopped for the lack of housing (Section 206(b))."

Although required to do so by the 1970 act and Corps regulations, the Raystown Project Office or the Baltimore District Office did not insure that, within a reasonable time prior to displacement, adequate, comparable replacement housing would be available for displacees. No waivers of this assurance had been requested or granted.

In commenting on a draft of this report, the Corps stated that, although a housing shortage had previously existed, adequate replacement housing was available to accommodate all displacees. The Corps stated also that no person was being displaced before adequate replacement housing was available.

HOUSING SELECTED AS COMPARABLES FOR
COMPUTATION OF REPLACEMENT-HOUSING
PAYMENTS NOT AVAILABLE TO DISPLACEES

Replacement-housing payments are computed by determining the difference between the price of the property acquired by the Corps and the average cost of a comparable replacement house for the displacee. Corps procedures require that at least three comparables be selected in computing the displacee's replacement-housing entitlement. Further, the comparables selected must be available on the market to the displacee.

Our review of the comparable housing used by the Corps in computing two replacement-housing payments--the only ones current at the time of our fieldwork--showed that four of the six dwellings selected as comparable replacement housing had been sold and were not available to the displacees. When we brought this to their attention, Corps officials informed us that these two computations would be updated using comparable housing which was available. In its written comments the Corps stated that, whenever this situation occurred, another available comparable would be used.

SHORTAGE OF PERSONNEL TO ADMINISTER
AND MANAGE THE PROGRAM

The relocation specialist at the Raystown Project Office said that the lack of personnel was the principal problem in administering the program.

He explained that he was also responsible for the relocation programs at two other Corps projects and that his duties often required him to be away from his office. The relocation specialist expressed the view that each project the size of the Raystown project should have available a minimum of two staff members for administering an effective relocation program.

In its written comments the Corps told us that another relocation specialist had been hired to assist in administering the relocation program at Raystown.

- - - -

We believe that the relocation problems at Raystown could have been minimized or avoided had the Corps more aggressively implemented the provisions of the 1970 act and furnished sufficient personnel to carry out the mandate of the act.

In commenting on our conclusion, the Corps recognized that relocation assistance was not always provided as promptly as possible. The Corps stated, however, that there had been a continuing improvement in administering the relocation program and that the program was being administered satisfactorily.

CHAPTER 5

SCOPE OF REVIEW

We made our review at the Corps of Engineers Baltimore District Office and its Central Pennsylvania Project Office. We examined records, files, and documents concerning

- authorization of the project, including review of pertinent congressional hearings,
- selected properties to be acquired, including establishment of project boundaries,
- land acquisition procedures and practices, including appraisals, negotiation practices, and condemnation practices, and
- practices employed in relocating displacees

We held discussions with officials of the two offices, as well as with an official of the Office of the Chief of Engineers, Washington, D.C. We also interviewed 15 present or former owners of properties located within the boundaries of the project

JAMES O EASTLAND MISS CHAIRMAN
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JOHN H HOLLOMAN III
 CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON THE JUDICIARY
 WASHINGTON D C 20510

June 7, 1972

Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 441 G Street
 Washington, D.C. 20548

Dear Mr. Staats:

When President Nixon signed the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Congress felt assured that some undesirable government land acquisition practices which had been prevalent for so long would be curtailed. The Act provides for uniform and equitable treatment of persons displaced from their homes, businesses or farms by Federal or federally assisted programs and established land acquisition policies for Federal and federally assisted programs. As one who supported this legislation, I was hoping that the government and those citizens affected by such acquisitions would reach the necessary accords so that the intended projects could be realized for the benefit of the public good.

The Raystown Reservoir Project in southcentral Pennsylvania, near Huntingdon, is a good example of the kind of federal undertaking which should fall within the purview of the above-mentioned law. The project was first authorized by the Flood Control Act of 1962 and is designed to provide flood control, recreation, an enhanced fishery, and water quality control to the area. I supported this project from its inception and continue to support it. In fact, I recently presented a statement before the Senate Appropriations Subcommittee on Public Works urging the full allocation of \$15.8 million for fiscal year 1973. It is absolutely essential

Honorable Elmer B. Staats
June 7, 1972
Page 2

that this facility be operational, as expected, in two and a half years.

The immediate problem at Raystown, however, concerns the land acquisition policies of the U.S. Army Corps of Engineers. I have received numerous complaints from Pennsylvanians whose property has been acquired by what are described as highly questionable methods. Current Federal law intends that a displaced homeowner should not be left worse off economically than he was before displacement. The law also establishes a uniform policy for land acquisition, which includes the following key points:

1. The Corps of Engineers shall make every reasonable effort to acquire real property expeditiously by negotiations;

2. Real property shall be appraised before the initiation of negotiations, and the owner shall be given an opportunity to accompany the appraiser during his inspection of the property;

3. Before the initiation of negotiations for real property, the Corps of Engineers shall establish an amount which it believes to be just compensation and shall make a prompt effort to acquire the property for the full amount so established. In no event shall such amount be less than the Corps' approved appraisal of the fair market value of such property.

Compliance with these three points would assure that the Corps of Engineers will deal fairly with the owners of real property needed for Federal programs. However, I am not convinced that there is substantial compliance in practice.

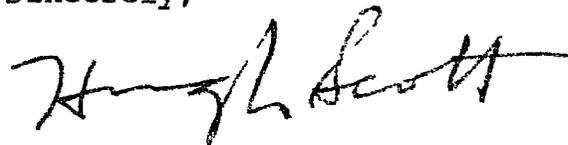
For residents to be placed in a position of contesting complicated government land acquisitions is unthinkable. I am hopeful that you will help to alleviate a potentially tragic situation.

Honorable Elmer B. Staats
June 7, 1972
Page 3

As an independent agency in the legislative branch of government, your General Accounting Office is often called upon to assist the Congress in providing legislative control over the receipt, disbursement, and application of public funds. In this case, Pennsylvanians have complained about inadequate remuneration, low appraisals associated with unfair appraising practices, and the application of inequitable property standards in the acquisition of land. In other words, there is a serious question here as to whether the Corps of Engineers is complying not only with the letter but the spirit of the law as well. Certainly congressional intent is being thwarted, if the facts bear out the complaints. Because of the gravity of the allegations made in regard to the Raystown project, I respectfully request the GAO to conduct a prompt and full investigation and audit of the appropriate federal offices involved.

The public benefits of the Raystown Reservoir Project are numerous -- recreation, fish and game, flood control. However, it would be grossly unjust to allow these benefits to accrue to the many at great personal expense to area residents. The law says that these individuals are entitled to fair treatment by their government; and if the law is not clear on that point, I am prepared to introduce appropriate legislation to make it so. I urge you to get on with the investigation as soon as possible in order to avoid further misunderstanding and conflict.

Sincerely,



Hugh Scott
United States Senator

HS:rp
Enclosure

APPENDIX II

COMPARISON OF APPRAISED VALUES FOR SELECTED
 PROPERTIES REAPPRAISED DURING THE PERIOD
 JANUARY 1971 THROUGH JULY 1972

<u>Property number</u>	<u>Appraisal date</u>	<u>Appraised value</u>	<u>Percent increase over initial appraisal</u>	<u>Settlement price</u>
1	4-10-69	\$ 1,600		
	1- 8-71	2,640		
	2-26-71	2,625		
	8-14-71	2,625	64	^a \$ 2,640
2	6- 2-71	3,700		
	3-13-72	4,785	29	5,500
3	8- 3-68	750		
	7-17-71	1,400	87	(b)
4	9-17-70	141,500		
	6-30-71	180,000	27	205,000
5	12-21-70	5,600		
	2-11-71	7,200	29	8,150
6	3-20-69	13,900		
	8-29-71	28,650	106	(b)
7	3-13-71	8,000		
	10- 8-71	11,200	40	13,500
8	10- 2-70	21,225		
	1-22-71	26,900		
	9-30-71	26,900	27	^a 21,225
9	3-19-69	10,100		
	2-12-71	15,200		
	9- 8-71	15,200	50	^a 15,200
10	11-11-68	18,000		
	6-14-71	27,200	51	31,100

<u>Property number</u>	<u>Appraisal date</u>	<u>Appraised value</u>	<u>Percent increase over initial appraisal</u>	<u>Settlement price</u>
11	6- 6-69 7-12-71	42,100 77,275	84	\$ 88,866
12	7- 1-69 7- 3-70 6- 2-71	110,500 110,500 166,000	50	210,000
13	2-25-71 10- 8-71	950 1,250	32	1,550
14	5-24-71 10-11-71	2,750 3,700	35	3,700
15	11-19-71 5- 8-72 6-10-72	36,700 42,000 49,500	35	^a 42,000
16	1- 3-71 (c)	19,600 26,900	37	32,800
17	1-30-71 (c)	8,250 10,400	26	12,400
18	6-11-71 3-25-72 1-13-72	60,000 64,250 94,300	57	105,000
19	3- 7-69 8- 8-70 6- 2-71 9-14-71	9,715 8,950 8,950 16,275	68	18,500
20	5- 7-71 5- 2-72	9,700 13,250	37	16,500
21	8- 7-71 6-29-72	2,350 3,600	53	(b)
22	6-19-71 4- 5-72	12,000 16,000	33	20,000

APPENDIX II

<u>Property number</u>	<u>Appraisal date</u>	<u>Appraised value</u>	<u>Percent increase over initial appraisal</u>	<u>Settlement price</u>
23	7-16-69	116,000		
	10-14-71	187,500	61	^a \$116,000
24	3-25-71	6,000		
	12-29-71	8,000	33	^a 8,000

^aCondemned.

^bNot settled.

^cNot known.



DEPARTMENT OF THE ARMY
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D C 20310

12 MAR 1973

Mr. Philip Charam
Deputy Director
Resources and Economic
Development Division
United States General Accounting Office
Washington, D C. 20548

Dear Mr Charam

I have been requested to reply on behalf of the Secretary of Defense to your letter to the Secretary of the Army requesting comments on a draft GAO report entitled, "Review of Land Acquisition and Relocation Practices of the U. S. Army Corps of Engineers at the Raystown Lake Project, Huntingdon, Pennsylvania." (OSD Case No. 3563)

Your report addresses itself to two principal questions, first, whether the Corps is taking more land than necessary for the Raystown Project, and, secondly, whether the Corps' land acquisition procedures are in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646 (84 Stat. 1894, 42 U.S.C. 4601, 4651), approved 2 January 1971, hereinafter referred to as the Act of 1970.

With respect to the first question, your report reviews the history and circumstances involved in establishing the present area for the project. Since the report indicates that all determinations were made in accordance with applicable law and regulations, and reveals no deficiencies or irregularities, no comment is considered necessary on this point.

As to the second question, the report refers to certain deficiencies relating to land acquisition practices and the manner in which the Act of 1970 is administered. There were instances where relocation assistance was not provided as promptly as would have been possible had the relocation program been operational over the full period of time the project has been under construction. However, there has been a continuing improvement with respect to administration of the Relocation Assistance Program, and now the program is being administered

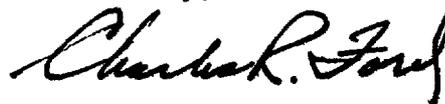
APPENDIX III

Mr. Philip Charam

in a satisfactory manner. It is considered that the Corps of Engineers' land acquisition and relocation procedures are in accordance with the letter and the spirit of the Act of 1970. It is a continuing objective of the Department of the Army to afford each applicant the maximum assistance authorized by law as promptly as this can be done. No person is being displaced before adequate replacement housing is available to him. Detailed comments on the several points raised are attached as an inclosure to this letter

The opportunity to comment on this report is appreciated.

Sincerely,



Charles R. Ford
Chief
Office of Civil Functions

1 Incl
as

STATEMENT OF COMMENTS

GAO Draft Report - Review of Land Acquisition and Relocation Practices of the U.S. Army Corps of Engineers at the Raystown Lake Project, Huntingdon, Pennsylvania (OSD Case No. 3563)

(Page 13) - Complaints Relating to Low Appraisal Values. It is conceded that there was dissatisfaction among landowners with the valuations placed on their lands. However, some disagreement as to value is to be expected in any Government land acquisition program because owners are usually reluctant to sell their land to the Government and consider that they are entitled to land values which are contrary to the concepts of fair market value as defined by the Federal Courts. With respect to the complaints of landowners that the prices paid by the Corps were too low to cover purchase of replacement properties, the law is well established that the measure of just compensation to be used in Government land acquisitions is the fair market value of the property being acquired and not the cost of purchasing a replacement property, which may have a value more or less than the property to be acquired. Also, the Courts have consistently held that in acquiring property for a project the Government may not pay for any enhancement in value due to the project for which the property is being acquired. The Act of 1970 provides relief to landowners, in an effort to make them whole, by authorizing payment of the difference between the amount an owner receives for his former home and the cost of purchasing a comparable decent, safe, and sanitary replacement home, as well as other benefits which are not recognized under the fair market value concept of the Federal Courts.

[See GAO note.]

GAO note Comments pertaining to draft report material deleted from this final report have been omitted

APPENDIX III

(Pages 20,22) - Displacees Not Informed in a Timely Manner of Their Relocation Benefits. It is acknowledged that in some cases it may have been possible to notify applicants of their rights at an earlier date. Unfortunately, some delays are considered inevitable in implementing any new legislation. This is particularly true of such a complex law as the Act of 1970. Even now, two years after enactment, there are major questions still open because of ambiguities in the law. To make major changes in relocation procedures in a partially completed project was especially difficult. It should be noted that the law contained no authorization or appropriations for additional personnel to implement its provisions and was, in fact, enacted at a time when reductions in personnel were being made.

A Corps of Engineers Information Brochure regarding program benefits was available by July 1971. Some delays in advising applicants of their rights were caused by a desire to keep acquisition and relocation procedures separate, as contemplated by the law, and also by a shortage of personnel. Displacees at Raystown are now being given the brochure and advised of their potential relocation benefits prior to the initiation of negotiations. The cases of all persons who moved prior to being informed of their rights have been reviewed and all have received every monetary benefit to which they were entitled. Replacement housing benefits usually cannot be calculated with accuracy until a move has actually taken place. However, prospective applicants are being informed as to the formula for computing assistance, and project relocation representatives are working closely with each applicant to assist him in relocating.

(Page 23) - Shortage of Replacement Housing. There was a period of relative shortage of suitable replacement dwellings, extending to August 1972, as indicated by the report. However, adequate replacement housing is now available to accommodate all displaced persons, and it is anticipated that sufficient replacements will continue to be available as displacements occur in the future. In this connection, although every effort is made to locate "comparable" replacement homes, the Act does not require that a "rural" displacee be furnished a "rural" replacement home, but only a home which is decent, safe, and sanitary, is within his means, and is reasonably accessible to his employment. In many cases, a home in an established community will meet these requirements. No formal "assurances" of the availability of replacement housing are required to be submitted to the Office, Chief of Engineers, by the District Engineer except prior to starting acquisition for a project.

APPENDIX III

There are 360 properties still to be acquired to complete the project. This will involve displacement of an estimated 61 homeowners and 21 tenants. Of these, 17 homeowners and 8 tenants are in the process of building new homes or moving to other existing replacement homes.

(Page 25) - Housing Selected as Comparables Not Available to Displacees.
There is no way to assure that a dwelling used as a comparable for payment computation purposes will not be sold before the displacee can examine it since, by definition, it must be for sale on an open market. Where this occurs, of course, another comparable dwelling which is still available will be used. This has been done in the cases cited in the report.

(Page 25, 26, 27) - Timeliness of Replacement Housing Payments
Because of legal ambiguities and uncertainties connected with the law, processing of early applications under the Act was slow, however, application processing is now on a timely basis. A procedure has been developed for use in condemnation cases which permits advance payment of replacement housing benefits to owners prior to trial.

(Page 27) - Shortage of Personnel to Administer and Manage the Program
Another relocation specialist has been hired and is about to be assigned to Raystown. This should eliminate any future shortcomings due to lack of personnel.